

Message Text

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ACTION EA-09

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R 200247Z DEC 76
FM AMEMBASSY JAKARTA
TO USDOC WASHDC
INFO SECSTATE WASHDC 8321
AMCONSUL MEDAN
AMCONSUL SURABAYA
AMEMBASSY SINGAPORE

UNCLAS SECTION 1 OF 2 JAKARTA 16337

SINGAPORE FOR USRTC

E.O. 11652: N/A
TAGS: BEXP, BAGB, ID
SUBJ: AGRQUIP '77 - RECOMMENDATIONS FOR CONTENT

1. INTRODUCTION AND SUMMARY: THIS TELEGRAM INCLUDES A LIST OF THE TYPES OF EQUIPMENT THAT THE EMBASSY RECOMMENDS FOR INCLUSION IN SUBJECT EXHIBITION. WE WISH TO EMPHASIZE THAT, IN GENERAL, LARGE, HIGH TECHNOLOGY EQUIPMENT WILL NOT SELL WELL IN INDONESIA. WITH THE EXCEPTION OF PALM OIL, SOME CATTLE, AND TRADITIONAL EXPORT CROPS, SUCH AS COFFEE AND TEA, AGRICULTURAL CROPS ARE GROWN AND PROCESSED FOR DOMESTIC CONSUMPTION. THE DOMESTIC MARKET FOR PROCESSED FOOD IS SMALL AND CAPITAL FOR LARGE, EXPENSIVE PROJECTS IS GENERALLY NOT AVAILABLE IN THE PRIVATE SECTOR AND ONLY AVAILABLE FROM GOVERNMENT SOURCES FOR SELECTED PROJECTS. EVEN IN PALM OIL, GOVERNMENT OWNED MILLS ARE SMALL AND SIMPLE. ONLY FOR SUGAR ARE LARGE SCALE FACTORIES PLANNED. HIGH TECHNOLOGY ITEMS ARE OFTEN TOO SOPHISTICATED AND TOO EXPENSIVE FOR THE INDONESIAN MARKET. FURTHER, THEY CONFLICT WITH THE HIGH PRIORITY OBJECTIVE OF THE GOVERNMENT TO INCREASE
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EMPLOYMENT.

2. AGRICULTURAL PRODUCTION AND PRIMARY PROCESSING
EQUIPMENT:

A: HIGH PRIORITY

SMALL AGRICULTURAL TRACTORS AND HAND TILLERS;
ALTHOUGH MOST FARMS ON JAVA ARE TOO SMALL TO BE
MECHANIZED, OFF-JAVA, ESPECIALLY IN SOUTH SULAWESI,
FARMERS WITH 5 HECTARES CAN ECONOMICALLY UTILIZE
SMALL TRACTORS. PROVINCIAL GOVERNMENT CREDIT
PROGRAMS ARE SUPPORTING TRACTOR PURCHASES. EVEN
ON JAVA, RISING PRICES FOR DRAFT ANIMALS MAY
MAKE TRACTORS FEASIBLE, PARTICULARLY ON A COOPERATIVE
OR RENTAL BASIS. CURRENTLY THIS MARKET IS
DOMINATED BY JAPANESE, BUT, DURING RECENT TRIP TO
S. SULAWESI COMOFF HEARD FREQUENT
COMPLAINTS ABOUT QUALITY OF JAPANESE PRODUCT AND
MUCH INTEREST IN U.S. PRODUCTS WAS VOICED. LARGE
TRACTORS HAVE A MORE LIMITED MARKET FOR USE ON
GOVERNMENT ESTATES.

SUGAR MILLS:

ALTHOUGH IT APPEARS THAT U.S. WILL NOT RPT NOT WIN
ANY OF SIX GOVERNMENT SUGAR MILLS TENDERED
LAST YEAR, GOVERNMENT STILL HAS PLANS TO TENDER
SIX MORE MILLS SOMETIME IN THE FUTURE AND SELF-
SUFFICIENCY IN SUGAR STILL REMAINS AN IMPORTANT
OBJECTIVE. GOVERNMENT HAS ANNOUNCED POLICY FOR
BEYOND SECOND SIX MILLS OF BUILDING MANY SMALL
PLANTS RATHER THAN LARGE CAPITAL-INTENSIVE UNITS.
WHERE SIZE OF SUGAR MILL EQUIPMENT MAY PROHIBIT
ITS INCLUSION IN EXHIBITION, RECOMMEND THAT
SCALE MODELS BE SHOWN. INCLUSION THIS EQUIPMENT
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WOULD BE EXPRESSION TO GOI OF OUR CONTINUED
INTEREST IN GOVERNMENT PROJECTS THIS FIELD, WOULD
SUPPORT CONSORTIA WHICH TOOK PART IN MEPD SUGAR
MISSION AND FURTHER OUR CCP SUGAR CAMPAIGN.

PALM OIL MILLS:

THE GOVERNMENT HAS PLANS FOR SEVERAL 30 METRIC TON
(FRESH FRUIT INPUT) CAPACITY PALM OIL EXTRACTION
PLANTS IN SUMATERA. DEPT. OF AGRICULTURE HAS
EXPRESSED INTEREST IN LEARNING ABOUT U.S. EQUIPMENT
AVAILABLE FOR THESE PLANTS. CURRENTLY U.S. PUMPS
(WORTHINGTON) OFTEN USED, BUT OTHER EQUIPMENT,
(PRESSES, CENTRIFUGES, ETC.) PROCURED FROM OTHER
SOURCES. ALMOST ALL OF INDONESIA'S PALM OIL
PRODUCTION IS EXPORTED AS RAW OIL; VERY LITTLE
IS PROCESSED INTO COOKING OIL, SOAP OR MARGARINE.
HOWEVER, NEARLY ALL OF INDONESIA'S COCONUT OIL IS

PROCESSED FOR DOMESTIC CONSUMPTION, PRIMARILY AS COOKING OIL. THUS PROCESSING EQUIPMENT MIGHT ALSO BE INCLUDED IN SHOW.

EQUIPMENT FOR SLAUGHTER HOUSES.

THERE IS CONSIDERABLE INTEREST IN UP-GRADING EXISTING SLAUGHTER HOUSE OPERATIONS.

PUMPS:

FOR USE FACTORY OPERATIONS AND FOR IRRIGATION.

B: LESSER PRIORITY

DRYING EQUIPMENT:

INDONESIA PRODUCES A NUMBER OF PRODUCTS; SUCH AS UNCLASSIFIED

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RICE, COFFEE, TEA, COCOA, ETC. WHICH REQUIRE DRYING. ALTHOUGH MOST OF THIS PRODUCE IS PRESENTLY SUN-DRIED, DRYING EQUIPMENT COULD HELP DECREASE SPOILAGE. AGAIN, EQUIPMENT SHOULD BE DESIGNED FOR SMALL, COUNTRY RICE MILLS AND ON-FARM USE.

GRAIN STORAGE FACILITIES:

THE MAJOR OWNER OF GRAIN STORAGE FACILITIES IS BULOG (THE NATIONAL LOGISTICS AGENCY); IT HAS NEARLY COMPLETED A FLAT STORAGE BUILDINGS PROGRAM. HOWEVER, ANNUALLY INCREASING HARVEST AND IMPORTS OF RICE AND OTHER GRAINS WILL REQUIRE CONTINUED EXPANSION OF STORAGE FACILITIES. A CORN MILLER NEAR SURABAYA HAS EXPRESSED INTEREST IN EQUIPMENT FOR MAINTAINING QUALITY OF ALREADY MILLED CORN FLOUR.

LEATHER PROCESSING MACHINERY, LIVESTOCK FEED MIXING EQUIPMENT, EQUIPMENT FOR MAKING FISH MEAL, IRRIGATION EQUIPMENT.

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AMCONSUL MEDAN
AMCONSUL SURABAYA
AMEMBASSY SINGAPORE

UNCLAS SECSTION 2 OF 2 JAKARTA 16337

SINGAPORE FOR USRTC

E.O. 11652: N/A
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3. FOOD PROCESSING AND PACKAGING EQUIPMENT
REFRIGERATION AND COLD STORAGE EQUIPMENT. ESPECIALLY
REQUIRED IS REFRIGERATED TRANSPORTATION EQUIPMENT AND
MEDIUM SIZE WALK-IN COLD STORAGE UNITS.

BAKERY EQUIPMENT (SEE MOBIUS REPORT)

CANNING EQUIPMENT. DESPITE A PREFERENCE AMONG UPPER
CLASS CONSUMERS FOR IMPORTED PROCESSED FOOD, THE MARKET
FOR LOCALLY PRODUCED PRODUCTS COULD BE EXPANDED IF
QUALITY CONTROL COULD BE ASSURED. THIS IS ONE
AREA WHERE THE LATEST TECHNOLOGY FOR FOOD
PRESERVATION (ALTHOUGH NOT NECESSARILY LABOR-SAVING
TECHNOLOGY) MIGHT APPROPRIATELY BE EMPHASIZED.

PACKAGING EQUIPMENT: THE FULL RANGE (SEE MOBIUS REPORT)
FAST-FOOD RESTAURANT EQUIPMENT. THERE HAS BEEN A
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TREMENDOUS INTEREST IN AMERICAN STYLE FAST-FOODS
SUCH AS HAMBURGERS AND FRIED CHICKEN DURING THE
PAST YEAR. BOTH THE EQUIPMENT AND THE AMERICAN-
NAMED FRANCHISES WOULD DRAW HIGH LEVEL OF INTEREST.

4. SEMINARS: EMBASSY RECOMMENDS THAT IN ADDITION TO
SEMINARS TO BE HELD CONCURRENTLY WITH SHOW IN JAKARTA,
SEMINARS ALSO BE HELD IN SURABAYA, MEDAN AND POSSIBLY

YOGYAKARTA ONE TO TWO WEEKS IN ADVANCE OF SHOW.
SUCH SEMINARS WOULD SERVE BOTH AS PUBLICITY
TECHNIQUE TO INCREASE AND BROADEN ATTENDANCE AT SHOW
AND TO EXPAND AUDIENCE BEYOND THOSE WHICH WOULD COME
TO SHOW. POSSIBLE TOPICS FOR SURABAYA INCLUDE SUGAR
GROWING AND MILLING TECHNOLOGY, FRYING TECHNOLOGY AND
VEGETABLE OIL EXTRACTION AND PROCESSING (COCONUT OIL).
POSSIBLE TOPIC FOR YOGYAKARTA INCLUDE CATTLE FEEDING
AND SUGAR. FOR MEDAN, VEGETABLE OIL EXTRACTION
(PALM OIL.) SEMINAR ALSO GIVES OPPORTUNITY TO INCLUDE
AGRIBUSINESS CONSULTING/ENGINEERING FIRMS WHO ARE NOT
NECESSARILY EXHIBITING EQUIPMENT IN SHOW. WE THINK
SUCH AN APPROACH WOULD WIDEN APPEAL OF SHOW,
ATTRACTING LARGER ATTENDANCE (INCLUDING AGRICULTURAL
TECHNOLOGY STUDENTS WHO MAY BE FUTURE PURCHASERS OF
EQUIPMENT) AND WOULD FURTHER USG AGRIBUSINESS THRUST
(75 STATE A-7008).

5. FOLLOWING COMPANIES HAVE BEEN TOLD OF SHOW
AND HAVE EXPRESSED INTEREST IN PARTICIPATING:
DRAVO, CHEMICAL PLANTS DIVISION, ONE OLIVER PLAZA,
PITTSBURGH, PA. 15222 - OIL SEED PROCESSING
EQUIPMENT. (PERSON INFORMED WAS ROGER RAMASWANY,
AUSTRALIAN REP.)
THE H.K. FERGUSON COMPANY, 44 MONTGOMERY ST.,
SAN FRANCISCO, CA. 94104, TEL. 415-956-8100
(CONTACT D.A. MACDONALD, VICE PRESIDENT). FERGUSON
IS ENGINEERING FIRM WITH EXPERIENCE IN SUGAR
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REFINING, MAY BE INTERESTED IN SEMINAR.
ALSO INFORMED WAS:
EMI CORPORATION, 3166 DES PLAINES AVE., ILLINOIS
60018, MR. ARNOLD M. GAVIN, VICE PRESIDENT, OIL
EXTRACTION ENGINEERING.

6. FOR MEDAN AND SURABAYA: WOULD APPRECIATE ANY
COMMENTS OR ADDITIONS CONSULATES WISH TO MAKE,
ESPECIALYY WITH REGARD TO SEMINARS.
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